

## Talking Points on HB 415: Micro-processing of Biodiesel

### Why Do We Need HB 415?

- People producing bodies for self-use are currently regulated the same as large refineries. These "micro-processors" currently fall under the definition of a "distributor," which means they must apply for a distributor's license, including the fees and bond.
- Current law also requires that all producers of bodies must test each batch of fuel to meet ASTM 6751. This testing costs \$1500, which is cost-prohibitive for "micro-processors."
- In order to qualify for production tax credits and the highway tax refunds for off-road use, producers must meet the STM 6751 standard.
- Agricultural producers spend a lot of money on diesel each year. This bill helps to encourage self-production for self-use to increase self-reliance, sustainability, and entrepreneurial opportunities.

### What HB 415 Does

- Creates an alternative testing regime to be used in place of ASTM 6751. The five tests listed in the bill are the critical components of the ASTM 6751 testing protocol. These tests will help reduce costs, while ensuring a safe fuel.
- The bill clarifies that "batch" means the amount stored in a single tank, rather than the amount processed in a single production cycle. Thus, processors would test 2000 or 5000 gallons at once, rather than each 100 gallon increment produced. This also helps processors to save on the cost of testing.
- Creates a new definition for "microprocessed biodiesel" of between 1000 and 50,000 gallons per year produced by a special fuel user. This carves out a new category to apply appropriately scaled regulations.
- HB 415 is not a mandate, and will not affect biodiesel supplied to consumers at the pump.
- This bill promotes on-farm production of homegrown fuel for self-use.

- HB 415 allows Montana famers and ranchers to take advantage of the synergy of producing homegrown fuel from oilseed and providing a high-protein feed supplement for livestock.
- If people are currently doing this without the ASTM testing or paying their taxes, they are technically in violation of the law. This bill creates appropriate regulations, so that biodiesel micro-processors can comply with the law without having to comply with overly burdensome regulations.

I want to close with a personal example of how this might be used. In 2008 I used nearly 1000 gallons of dyed fuel oil to heat the building housing my business and my home. This fuel cost over \$3000 at an average price of \$3.16 per gallon. I would love to be able to produce with one or more products to increase my energy security in exchange for a share of ~~the~~ the costs and labor.